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SECURITIES AND EXCHANGE  
COMMISSION  
Washington, D.C. 20549



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ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

SEC FILE NUMBER  
8- 00859

REPORT FOR THE PERIOD BEGINNING 01/01/10 AND ENDING 12/31/10  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

C. R. DAVIS & COMPANY  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
939 CLOCKTOWER DRIVE, SUITE A

OFFICIAL USE ONLY

FIRM I.D. NO.

SPRINGFIELD ILLINOIS 62704  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
JEFFREY R. GIBBS (217) 793-0733  
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

ECK, SCHAFER & PUNKE, LLP

(Name - if individual, state last, first, middle name)

600 EAST ADAMS SPRINGFIELD ILLINOIS 62701  
(Address) (City) (State) (Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant  
☐ Public Accountant  
☐ Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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information contained in this form are not required to respond  
unless the form displays a currently valid OMB control number.

## OATH OR AFFIRMATION

I, JEFFREY R. GIBBS, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of C. R. DAVIS & COMPANY, as of DECEMBER 31, 2010, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

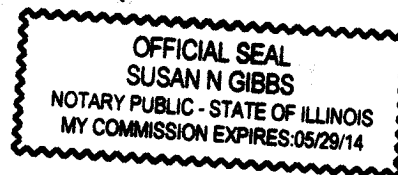
Jeffrey R. Gibbs  
Signature

PRESIDENT  
Title

Susan N. Gibbs  
Notary Public

This report \*\* contains (check all applicable boxes):

- ☒ (a) Facing Page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.



**\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).**

C. R. DAVIS & COMPANY  
FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT

December 31, 2010 and 2009

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# ECK, SCHAFER & PUNKE, LLP

CERTIFIED PUBLIC ACCOUNTANTS

600 East Adams Street  
Springfield, Illinois 62701  
217-525-1111  
Fax 217-525-1120  
www.espcpa.com

## Independent Auditors' Report

Board of Directors  
C. R. Davis & Company

We have audited the accompanying statements of financial condition of C.R. Davis & Company as of December 31, 2010 and 2009, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of C.R. Davis & Company as of December 31, 2010 and 2009, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

*Eck, Schaffer & Punke, LLP*

Springfield, Illinois  
February 8, 2011

C. R. Davis & Company

STATEMENTS OF FINANCIAL CONDITION

December 31

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash	\$ 64,943	\$ 47,164
Cash segregated for exclusive benefit of customers	100	100
Receivable from brokers and dealers	16,054	6,773
Securities owned-marketable, at market value	75,354	90,153
Prepaid income tax	16,596	16,148
Other assets	1,613	5,036
Equipment, net of accumulated depreciation of \$ 8,529 and \$ 9,139 at 2010 and 2009, respectively	<u>2,740</u>	<u>2,435</u>
	<u>\$ 177,400</u>	<u>\$ 167,809</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Accounts payable	\$ 3,961	\$ 2,851
Accrued payroll taxes	11,753	6,640
Commissions payable	<u>14,322</u>	<u>16,259</u>
	30,036	25,750
Deferred tax liability	2,379	1,036

STOCKHOLDERS' EQUITY

Common stock - authorized 100 shares of \$ 100  
par value; issued and outstanding 51 shares in  
2010 and 2009

Additional contributed capital

Retained earnings

5,100	5,100
56,991	56,991
<u>82,894</u>	<u>78,932</u>
<u>144,985</u>	<u>141,023</u>
<u>\$ 177,400</u>	<u>\$ 167,809</u>

The accompanying notes are an integral part of these statements.

C. R. Davis & Company

STATEMENTS OF INCOME

Year ended December 31

	<u>2010</u>	<u>2009</u>
Revenues		
Commissions	\$ 278,536	\$ 170,302
Investment income	2,043	2,710
Net dealer inventory and investment gain	<u>5,945</u>	<u>16,305</u>
	286,524	189,317
Expenses		
Advertising	2,563	1,368
Depreciation	1,024	967
Dues and assessments	2,089	1,395
Entertainment	826	885
Financial and news service	1,353	982
Insurance	17,613	55,355
Miscellaneous	3,343	4,204
Office supplies	3,937	2,437
Postage and printing	706	886
Professional fees	5,865	5,475
Rent	19,200	19,200
Salaries and commissions		
Stockholders	113,510	82,449
Others	83,153	27,960
Service fees	8,595	7,606
Taxes	10,337	8,296
Telephone	4,602	4,078
Utilities	<u>2,951</u>	<u>2,392</u>
	<u>281,667</u>	<u>225,935</u>
Income (loss) before income taxes	4,857	(36,618)
Income taxes	<u>895</u>	<u>(8,064)</u>
NET INCOME (LOSS)	<u>\$ 3,962</u>	<u>\$ (28,554)</u>

The accompanying notes are an integral part of these statements.

C. R. Davis & Company

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

Year ended December 31

	<u>Common Stock</u>	<u>Additional Contributed Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at December 31, 2008	\$ 5,100	\$ 56,991	\$ 107,486	\$ 169,577
Net loss for the year	<u>-</u>	<u>-</u>	<u>(28,554)</u>	<u>(28,554)</u>
Balance at December 31, 2009	5,100	56,991	78,932	141,023
Net income for the year	<u>-</u>	<u>-</u>	<u>3,962</u>	<u>3,962</u>
Balance at December 31, 2010	<u>\$ 5,100</u>	<u>\$ 56,991</u>	<u>\$ 82,894</u>	<u>\$ 144,985</u>

The accompanying notes are an integral part of these statements.

C. R. Davis & Company

STATEMENTS OF CASH FLOWS

Year ended December 31

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities		
Net income (loss)	\$ 3,962	\$ (28,554)
Adjustments to reconcile net income (loss) to net cash used in operating activities		
Investment inventory gain	(5,945)	(16,305)
Depreciation	1,024	967
Deferred income taxes	1,343	3,438
Change in assets and liabilities		
(Increase) decrease in receivable from brokers and dealers	(9,281)	6,889
(Increase) in prepaid income taxes	(448)	(10,602)
(Increase) decrease in other assets	3,423	(2,767)
Increase in accounts payable	1,110	742
Increase (decrease) in accrued payroll taxes	5,113	(427)
(Decrease) in commissions payable	<u>(1,937)</u>	<u>(2,672)</u>
Net cash used in operating activities	(1,636)	(49,291)
Cash flows from investing activities		
Purchase of securities owned-marketable	(9,974)	(32,317)
Sale of securities owned-marketable	30,718	4,595
Capital expenditures, net of dispositions	<u>(1,329)</u>	<u>(238)</u>
Net cash provided by (used in) investing activities	<u>19,415</u>	<u>(27,960)</u>
Net increase (decrease) in cash	17,779	(77,251)
Cash at beginning of year	<u>47,264</u>	<u>124,515</u>
Cash at end of year	<u>\$ 65,043</u>	<u>\$ 47,264</u>

The accompanying notes are an integral part of these statements.

C. R. Davis & Company

NOTES TO FINANCIAL STATEMENTS

December 31, 2010 and 2009

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the Company's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

1. Nature of Operations

The Company's primary business activity is the purchase and sale of investment securities for individuals.

2. Security Transactions

Security transactions are recorded on the trade date.

3. Accounts Receivable

The Company considers accounts receivable to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operations when that determination is made.

4. Securities Owned

The Company's securities are valued at market as of December 31, 2010 and 2009. Accordingly, the financial statements reflect an unrealized gain (loss) of \$ 5,520 and \$ 16,342 for the years ended December 31, 2010 and 2009, respectively, and an accumulated unrealized gain (loss) of \$ 9,311 and \$ 3,791 at December 31, 2010 and 2009, respectively.

5. Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly-liquid debt instruments purchased with a maturity of one year or less to be cash equivalents.

6. Depreciation

Equipment is stated at cost. Depreciation on the equipment is provided for in amounts sufficient to relate the cost of depreciable assets to operations over estimated service lives, using straight-line methods for financial reporting and accelerated methods for tax reporting purposes. Estimated useful lives of the assets range from five to seven years.

C. R. Davis & Company

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2010 and 2009

NOTE A - SUMMARY OF ACCOUNTING POLICIES - Continued

7. Income Taxes

The Company provides for deferred income taxes arising from the differences in financial and tax accounting.

8. Subsequent Events

C. R. Davis & Company assessed events that have occurred subsequent to December 31, 2010 through February 8, 2011, the date the financial statements were available to be issued, for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to or disclosure in the financial statements.

9. New Accounting Pronouncements

In 2009, C. R. Davis & Company adopted Accounting Standards Update (ASU) No. 2009-01, Statement of Financial Accounting Standards No. 168, *"The Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) and the Hierarchy of Generally Accepted Accounting Principles (GAAP)"*. This ASU includes FASB Statement No. 168 in its entirety. The ASU establishes the FASB ASC as the source of authoritative accounting principles recognized by the FASB. Rules and interpretive releases of the SEC under federal securities laws are also sources of authoritative GAAP for SEC registrants. All guidance contained in the ASC carries an equal level of authority. Following this ASC, the FASB will issue only ASUs to update the ASC. The adoption did not have a material effect on GAHHS' combined financial statements.

C. R. Davis & Company

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2010 and 2009

NOTE B - INCOME TAXES

Details of the provision for current and deferred income taxes for the years ended December 31 follow:

	<u>2010</u>	<u>2009</u>
Current provision		
Federal	\$ (293)	\$ (7,560)
State	<u>(155)</u>	<u>(3,942)</u>
	(448)	(11,502)
Deferred provision	<u>1,343</u>	<u>3,438</u>
	<u>\$ 895</u>	<u>\$ (8,064)</u>

Deferred tax (benefit) liability at December 31, 2010 and 2009, consist of the following:

	<u>2010</u>	<u>2009</u>
Deferred taxes		
Depreciation, net of tax expensing of equipment	\$ 405	\$ 232
Unrealized gains on securities	<u>1,974</u>	<u>804</u>
	<u>\$ 2,379</u>	<u>\$ 1,036</u>

NOTE C - NET CAPITAL REQUIREMENT

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital of not less than \$ 50,000 at December 31, 2010 and 2009. It also requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2010 and 2009, respectively, the Company had net capital of \$ 106,397 and \$ 98,712, which were \$ 56,397 and \$ 48,712 in excess of its required net capital of \$ 50,000 for 2010 and 2009. The Company's net capital ratio was .28 to 1 and .26 to 1 at December 31, 2010 and 2009, respectively.

C. R. Davis & Company

NOTES TO FINANCIAL STATEMENTS - CONTINUED

December 31, 2010 and 2009

NOTE D - FAIR VALUE MEASUREMENTS

The Company follows requirements for *Fair Value Measurements* (as initially required by Statement of Financial Accounting Standards No. 157, and subsequently superceded by Accounting Standards Codification 820). The guidance defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value should be based on assumptions that market participants would use including a consideration of non-performance risk.

The Company assessed the inputs used to measure fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market. Level 1 inputs include quoted prices for identical instruments and are the most observable. Level 2 inputs include quoted prices for similar assets and observable inputs such as interest rates, currency exchange rates, commodity rates, and yield curves. Level 3 inputs are not observable in the market and include management's judgments about the assumptions market participants would use in pricing the asset or liability.

The fair values of the Company's investments were determined using inputs, as described above, at December 30, 2010 and 2009, as follows:

	<u>2010</u>	<u>2009</u>
<u>Level 1</u>		
Cash and cash equivalents and deposits	\$ <u>75,354</u>	\$ <u>90,153</u>

There were no Level 2 or Level 3 investments held in 2010 or 2009.

NOTE E - RELATED PARTY TRANSACTIONS

Jeffrey R. Gibbs is the majority shareholder of the Company. The Company was a tenant in a building owned by Mr. Gibbs during 2010 and 2009.

## SUPPLEMENTARY INFORMATION

# ECK, SCHAFER & PUNKE, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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600 East Adams Street  
Springfield, Illinois 62701  
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Fax 217-525-1120  
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## Independent Auditors' Report on Supplementary Information

Board of Directors  
C. R. Davis & Company

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole, which are presented in the preceding section of this report. The supplementary information presented on pages 14 through 17 is presented for purposes of additional analysis and is not a required part of the 2010 basic financial statements but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the 2010 basic financial statements and, in our opinion, is stated fairly in all material respects in relation to the 2010 basic financial statements taken as a whole.

*Eck, Schafer & Punke, LLP*

Springfield, Illinois  
February 8, 2011

C. R. Davis & Company

SCHEDULE I  
FOCUS REPORT - PART IIA

Computation of Net Capital Under Rule 15C3-1 of the Securities and Exchange Commission  
As of December 31, 2010

Firm ID: 001593

1. Total ownership equity (o/e)		\$ 144,985
2. Deduct o/e not allowable for net capital		<u>-</u>
3. Total o/e qualified for net capital		144,985
4. Add:		
A. Allowable subordinated liabilities		-
B. Other deductions or credits		<u>-</u>
5. Total capital and allowable subloans		144,985
6. Deductions and/or charges		
A. Total nonallowable assets	\$ 27,285	
B. Secured demand note deficiency		-
C. Capital charges for spot and commodity futures		-
D. Other deductions and/or charges		<u>-</u>
7. Other additions and/or allowable credits		<u>27,285</u>
8. Net capital before haircuts		117,700
9. Haircuts on securities:		
A. Contractual commitments		-
B. Subordinated debt		-
C. Trading and investment securities:		
1. Exempted securities		-
2. Debt securities		-
3. Options		-
4. Other securities	11,303	
D. Undue concentration		-
E. Other		<u>-</u>
		<u>11,303</u>
10. Net Capital		<u>\$ 106,397</u>

C. R. Davis & Company

SCHEDULE I  
FOCUS REPORT - PART IIA - CONTINUED

Computation of Net Capital Under Rule 15C3-1 of the Securities and Exchange Commission  
As of December 31, 2010

Firm ID: 001593

11. Minimum net capital required: (based on aggregate indebtedness)	\$ 2,002
12. Minimum dollar requirement	50,000
13. Net capital requirement (greater of line 11 or 12)	50,000
14. Excess net capital	56,397
15. Excess net capital at 1000% (net capital - 120% of net capital requirement)	46,397

Computation of Aggregate Indebtedness

16. Total AI liabilities from balance sheet	\$ 30,036
17. Add:	
A. Drafts for immediate credit	\$ -
B. Market value of securities borrowed where no equivalent value is paid or credited	-
C. Other unrecorded amounts	<u>-</u>
19. Total aggregate indebtedness	<u>\$ 30,036</u>
20. Ratio of AI/NC	.28 to 1

C. R. Davis & Company

SCHEDULE II  
RECONCILIATION OF COMPUTATION OF NET CAPITAL

	Accompanying Statement of Financial <u>Condition</u>	FOCUS IIA Report Submitted <u>January, 2011</u>	<u>Difference</u>
Stockholders' equity	\$ 144,985	\$ 144,985	\$ -
Nonallowable assets			
12b-1 Commissions receivable	6,336	6,336	-
Prepaid expense	1,613	1,613	-
Fixed assets	2,740	2,740	-
Income taxes recoverable	16,596	16,596	-
Haircuts on securities	<u>11,303</u>	<u>11,303</u>	<u>-</u>
	<u>38,588</u>	<u>38,588</u>	<u>-</u>
NET CAPITAL	<u>\$ 106,397</u>	<u>\$ 106,397</u>	<u>\$ -</u>

C. R. Davis & Company

SCHEDULE III  
CLAIM FOR EXEMPTION PURSUANT TO RULE 15c3-3

December 31, 2010

An exemption from Rule 15c3-3 is claimed by section (k)(2)(ii).

C. R. DAVIS & COMPANY

REPORT ON INTERNAL CONTROL REQUIRED  
BY SEC RULE 17a-5 FOR A BROKER-DEALER  
CLAIMING AN EXEMPTION FROM  
SEC RULE 15c3-3

December 31, 2010 and 2009

# ECK, SCHAFER & PUNKE, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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600 East Adams Street  
Springfield, Illinois 62701  
217-525-1111  
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To the Board of Directors  
C. R. Davis & Company  
Springfield, Illinois

In planning and performing our audit of the financial statements and supplemental schedules of C. R. Davis & Company (the Company) for the years ended December 31, 2010 and 2009, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons.
2. Recordation of differences required by rule 17a-13.
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the Company's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the Company's financial statements that is more than inconsequential will not be prevented or detected by the Company's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Company's internal control. We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

We believe the following matter is a significant deficiency. Our recommendations regarding these matters are discussed below.

### Segregation of Duties

Proper segregation of duties and responsibilities does not exist since only two persons record all cash and security transactions and do the bookkeeping for the Company. This weakness is somewhat alleviated by the supervision and review of the president of the Company who is integrally involved with the daily operations. We recognize that it may not be practicable to segregate duties because of the size of the Company's operations, but our professional responsibilities require us to bring this to your attention.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purpose in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2010 and 2009, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the National Association of Securities Dealers, and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

*Eck, Schafer & Purke, LLP*

Springfield, Illinois  
February 8, 2011